
Introduction to Volume 4

The purpose of this publication is to provide participating schools with guidance on how to request, disburse, manage, and report on the use of Federal Student Aid funds.

Here, we provide a summary of the changes and clarifications presented in greater detail in the chapters that follow. **Alone the text herein does not provide schools with the guidance needed to satisfactorily administer the Title IV HEA programs.** For more complete guidance, you should refer to the text in the chapters cited, the Code of Federal Regulations (CFR), and the Higher Education Assistance Act (HEA) as amended.

Throughout this volume, new information is indicated with the following symbol:



When the text represents a clarification rather than a change, it is indicated with:



When we believe that historically there might be some misunderstanding of a requirement, we indicate that with:



If we want to point out a bit of helpful information, we indicate it with:



Finally, if we want to draw your attention to something, we indicate it with:



Notes on Active Links

At the top of each page you will find links to Dear Colleague Letters, The Code of Federal Regulation, and the Federal Student Aid Glossary and Appendices.

[Glossary-Acronyms](#) [CFR](#) [DCL](#)

Major Changes

Chapter 1—Requesting and Managing FSA Funds

- ◆ We explain two-factor authentication.
- ◆ We note that schools placed on Heightened Cash Management or Reimbursement must credit a student's ledger account for the amount of Title IV funds that the student or parent is eligible to receive, and pay the amount of any credit balance due, before the school seeks reimbursement from the Department for those disbursements.
- ◆ We have revised the treatment of the types of depository accounts in which schools must maintain federal funds.
- ◆ We have revised the treatment of the consequences of holding excess cash and the deadlines by which it must be returned to avoid penalties.

Chapter 2—Disbursing FSA Funds

- ◆ We clarify the requirements for Direct Loan and TEACH Grant notification.
- ◆ We explain the conditions under which a school may include the costs of books and supplies as part of tuition and fees.
- ◆ We have revised the treatment of paying prior-year charges.
- ◆ We have revised the treatment of disbursements by payment period.
- ◆ We explain that a school, and its third-party servicer, must have a process for determining that a student is eligible to receive a Title IV disbursement and explain the conditions under which a third-party servicer is responsible for confirming a student's eligibility.
- ◆ We explain the criteria under which a school may make a retroactive payment.
- ◆ We explain the conditions under which a school may credit a student's account with a late disbursement of FSA grant funds without the student's permission.
- ◆ We explain that schools must notify the Department of their relationships with third-party servicers.
- ◆ We explain the requirement that schools provide students a choice of the way they receive Title IV credit balances.
- ◆ We explain Tier One and Tier Two arrangements.

Chapter 3—Overawards and Overpayments

- ◆ We remind schools about COD reporting when they report a Pell Grant overpayment in NSLDS.

Chapter 4—Returning FSA Funds

- ◆ We explain the electronic process for returning Perkins Loan Funds to the Department.